無錫盛力達科技股份有限公司
Wuxi Sunlit Science and Technology Company Limited*

(A joint stock company established in the People's Republic of China with limited liability)

(Stock Code: 1289)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

Financial Highlights	**For the year ended 31 December**		
	2018	2017	**Change**
Revenue *(RMB million)*	**176.9**	160.6	**10.1%**
Gross profit *(RMB million)*	**68.4**	54.9	**24.5%**
Profit before income tax *(RMB million)*	**58.6**	40.7	**44.3%**
Profit for the year *(RMB million)*	**48.1**	33.5	**43.6%**
Profit attributable to shareholders of the Company *(RMB million)*	**48.1**	33.5	**43.6%**
Basic and diluted earnings per share *(RMB)*	**0.38**	0.26	**46.2%**

ANNUAL RESULTS

The board (the "Board") of directors (the "Directors") of 無錫盛力達科技股份有限公司 (Wuxi Sunlit Science and Technology Company Limited*) (the "Company" or "Sunlit") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2018 (the "Year").

CONSOLIDATED INCOME STATEMENT
(All amounts in RMB thousands unless otherwise stated)

	Note	**Year ended 31 December 2018**	2017
Revenue	3	**176,857**	160,584
Cost of sales		**(108,469)**	(105,663)
Gross profit		**68,388**	54,921
Selling expenses		**(4,611)**	(4,885)
Administrative expenses		**(30,135)**	(26,704)
Net reversal of impairment losses on financial assets		**8,402**	9,565
Other income	5	**2,026**	522
Other gains — net	6	**10,058**	3,726
Operating profit		**54,128**	37,145
Finance income	7	**4,519**	3,510
Finance expense	7	**—**	—
Finance income — net	7	**4,519**	3,510
Profit before income tax		**58,647**	40,655
Income tax expense	8	**(10,593)**	(7,200)
Profit for the year attributable to shareholders of the Company		**48,054**	33,455
Earnings per share attributable to shareholders of the Company for the year (expressed in RMB per share)			
— Basic and diluted	9	**0.38**	0.26

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB thousands unless otherwise stated)

	Year ended 31 December	
	2018	2017
Profit for the year	**48,054**	33,455
Other comprehensive income	**—**	—
Total comprehensive income for the year attributable to shareholders of the Company	**48,054**	33,455

CONSOLIDATED BALANCE SHEET

(All amounts in RMB thousands unless otherwise stated)

	Note	As at 31 December **2018**	2017
ASSETS			
Non-current assets			
Land use rights		**23,659**	24,274
Property, plant and equipment		**97,206**	101,993
Investment properties		**20,287**	21,725
Intangible assets		**101**	19
Trade and other receivables	10	**1,365**	—
Deferred income tax assets — net		**15,144**	17,323
		157,762	165,334
Current assets			
Inventories	11	**65,518**	92,608
Properties held for sale	12	**69,671**	—
Prepayments		**1,740**	775
Trade and other receivables	10	**113,287**	176,718
Financial assets at fair value through profit or loss		**30,476**	77,450
Restricted cash		**10,925**	49,787
Time deposits		**132,364**	105,763
Cash and cash equivalents		**134,821**	71,912
		558,802	575,013
Total assets		**716,564**	740,347
EQUITY			
Share capital		**128,000**	128,000
Share premium		**311,464**	311,464
Reserves		**65,707**	57,339
Retained earnings		**124,431**	93,328
Total equity		**629,602**	590,131

	Note	As at 31 December 2018	2017
LIABILITIES			
Current liabilities			
Trade and other payables	13	**47,336**	92,418
Advances from customers		**—**	57,606
Contract liabilities		**37,926**	—
Current income tax liabilities		**1,700**	192
		86,962	150,216
Non-current liabilities		**—**	—
Total liabilities		**86,962**	150,216
Total equity and liabilities		**716,564**	740,347

NOTES:
(All amounts in RMB thousands unless otherwise stated)

1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

(a) New standards and amendments and interpretation to standards adopted by the Group

The following new standards and amendments and interpretation to standards are mandatory for the Group's financial year beginning 1 January 2018.

Standards/Interpretation	Subject of standards/amendment
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendment)	Insurance Contracts "Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts"
HKAS 28 (Amendment)	Investments in Associates and Joint Ventures
HKAS 40 (Amendment)	Transfers of Investment Property
HK (IFRIC) Interpretation 22	Foreign Currency Transactions and Advance Consideration
Annual Improvement 2014–2016 cycle	

Save for the impact of adoption of HKFRS 9 and HKFRS 15 disclosed in note 2, the adoption of the new standards, amendments and interpretation does not have significant impact on the consolidated financial statements.

(b) New standards and amendments and interpretation to standards that have been issued but are not effective

The following new standards and amendments and interpretation to standards have been issued but are not effective for the financial year beginning 1 January 2018 and have not been early adopted by the Group:

Standards/Interpretation	Subject of standards/amendment	Effective for annual years beginning on or after
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation	1 January 2019
HKFRS 16	Leases	1 January 2019
HKAS 19 (Amendments)	Employee Benefits	1 January 2019
HKAS 28 (Amendments)	Long-term Interests in an Associate or Joint Venture	1 January 2019
HK (IFRIC) 23	Uncertainty over Income Tax Treatment	1 January 2019
Annual Improvements to 2015–2017 Cycle	Improvements to HKFRS	1 January 2019
HKFRS 17	Insurance Contracts	1 January 2021
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has already commenced an assessment of the impact of the above new standards and amendments and interpretations to standards, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors of the Group, it is expected that the above new standards and amendments and interpretations to standards will not have a significant impact on the Group's operating results or financial position when they become effective.

2 CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers on the Group's financial statements.

2.1 Impact on the Group's the financial statements

As explained in notes 2.2 and 2.3 below, HKFRS 9 and HKFRS 15 were generally adopted by the Group without restating comparative information. As a result of the changes in the entity's accounting policies, certain adjustments are therefore not reflected in the restated balance sheet as at 31 December 2017, but are recognised in the opening balance sheet as at 1 January 2018.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. The adjustments are explained in more detail by standard below.

Consolidated balance sheet (extract)	31 December 2017 As originally presented	HKFRS 9	HKFRS 15	1 January 2018 Restated
Non-current assets				
Deferred income tax assets	17,323	398	—	17,721
Current assets				
Trade and other receivables	176,718	(2,581)	—	174,137
Equity				
Retained earnings	93,328	(2,183)	—	91,145
Current liabilities				
Advances from customers	57,606	—	(57,606)	—
Contract liabilities	—	—	57,606	57,606

Consolidated income statement for year ended 31 December 2017 (extract)	As originally presented	HKFRS 9	Restated
Administrative expenses	(17,139)	(9,565)	(26,704)
Net reversal of impairment losses on financial assets	—	9,565	9,565
Operating profit	(17,139)	—	(17,139)

* Reclassification of impairment losses on financial assets required as a result of consequential changes made to HKAS 1 Presentation of Financial Statements.

2.2 Adoption of HKFRS 9 Financial Instruments

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

The total impact on the Group's retained earnings as at 1 January 2018 is as follows:

Closing retained earnings at 31 December 2017 — HKAS 39	93,328
Increase in provision for trade and other receivables	(2,581)
Increase in deferred income tax assets relating to impairment provisions	398
Adjustment to retained earnings from adoption of HKFRS 9 at 1 January 2018	(2,183)
Opening retained earnings at 1 January 2018 — HKFRS 9	91,145

(a) Classification and measurement

On 1 January 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 measurement categories, which are those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss) and those to be measured at amortised cost. There were no changes to the classification and measurement of financial assets held by the Group due to the adoption of HKFRS 9.

The Group's financial assets include cash and cash equivalents, restricted cash, time deposits, trade and other receivables and financial assets at fair value through profit or loss.

(b) Impairment of financial assets

The Group's trade and other receivables are subject to HKFRS 9's new expected credit loss model. The Group was required to revise its impairment methodology under HKFRS 9 for trade and other receivables. The Group applies the HKFRS 9 simplified approach to measure expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables. Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. The impact of the change in impairment methodology on the Group's retained earnings is disclosed in the table in note 2.2 above.

While cash and cash equivalents, restricted cash and time deposits are also subject to the impairment requirements of HKFRS 9, the identified impairment losses were immaterial.

The loss allowances for trade and other receivables as at 31 December 2017 reconcile to the opening loss allowances on 1 January 2018 as follows:

	Trade and other receivables
At 31 December 2017 — calculated under HKAS 39	72,866
Amounts restated through opening retained earnings	2,581
Opening loss allowance as at 1 January 2018 — calculated under HKFRS 9	75,447

Trade and other receivables are written off when there is no reasonable expectation of recovery.

2.3 Adoption of HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 replaces the provisions of HKAS 18 Revenue and HKAS 11 Construction contracts that relate to the recognition, classification and measurement of revenue and costs.

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policy. The directors of the Group consider that the changes in accounting policy of revenue recognition pursuant to HKFRS 15 do not have significant impact on the revenue recognised in the consolidated income statement.

Reclassification of advances from customers to contract liabilities was made as at 1 January 2018 to be consistent with the terminology used under HKFRS 15:

	HKAS 18 carrying amount 31 December 2017	Reclassification	HKFRS 15 carrying amount 1 January 2018
Advances from customers	57,606	(57,606)	—
Contract liabilities	—	57,606	57,606

3 REVENUE

The chief operating decision-maker ("CODM") has been identified as the board of directors of the Company. The CODM regards the Group's business as a single operating segment and reviews the financial statements accordingly.

The Group is principally engaged in manufacturing and sale of a range of equipment for manufacturing steel wire products. Revenues from sale of goods for the years ended 31 December 2018 and 2017 are as follows:

	Year ended 31 December	
	2018	2017
Production lines		
— Brass electroplating wire production lines	**62,997**	21,265
— Other production lines	**15,375**	20,355
Standalone machines	**72,618**	94,974
Other mould repairing equipment, components parts and accessories	**23,011**	21,603
Rental income	**2,856**	2,387
	176,857	160,584

For the years ended 31 December 2018 and 2017, the geographical information on the total revenue is as follows:

	Year ended 31 December	
	2018	2017
Revenue		
— Mainland China	**156,101**	97,805
— Others	**20,756**	62,779
	176,857	160,584

The Group's revenues were derived from the following external customers that individually contributed more than 10% of the Group's revenues.

	Year ended 31 December	
	2018	2017
Company A	**57,196**	N/A[1]
Company B	**43,865**	N/A[1]
Company C	**32,221**	41,533
Company D	**N/A[1]**	39,785
Company E	**N/A[1]**	21,540

[1] The corresponding revenue did not contribute 10% or more of the Group's total revenue.

4 DEPRECIATION AND AMORTISATION

Depreciation and amortisation charged to the consolidated income statement are as follow:

	Year ended 31 December	
	2018	2017
Depreciation and amortisation	**9,339**	9,720

5 OTHER INCOME

	Year ended 31 December	
	2018	2017
Value-added tax ("VAT") refunds *(note (a))*	**1,735**	205
Government subsidies *(note (b))*	**291**	317
	2,026	522

Notes:

(a) According to the relevant tax regulations, the sale of self-developed software products of a wholly-owned subsidiary, 無錫海盛軟件科技有限公司 (Wuxi Haisheng Software Technology Co., Ltd.*) ("Haisheng Software"), was entitled to VAT refunds from December 2011 until October 2016. In March 2017, Haisheng Software was approved to be entitled to VAT refunds for the sale of self-developed software products from March 2017 to March 2022.

(b) Government subsidies mainly represented subsidies for the Group's technical research projects and for corporate development.

6 OTHER GAINS — NET

	Year ended 31 December	
	2018	2017
Gains on disposal of financial assets at fair value through profit or loss	**6,234**	3,895
Unrealised fair value (loss)/gain on financial assets at fair value through profit or loss	**(974)**	1,202
Foreign exchange gains/(losses)	**4,044**	(1,371)
Gains on disposal of property, plant and equipment, net	**151**	—
Others	**603**	—
	10,058	3,726

7 FINANCE INCOME — NET

	Year ended 31 December	
	2018	2017
Finance expense	**—**	—
Finance income:		
— Bank interest income	**3,725**	1,841
— Amortisation of unearned financial income	**794**	1,669
	4,519	3,510
Finance income — net	**4,519**	3,510

8 INCOME TAX EXPENSE

	Year ended 31 December	
	2018	2017
Current income tax — PRC corporate income tax	**8,016**	348
Deferred income tax	**2,577**	6,852
Income tax expense	**10,593**	7,200

Except for the PRC corporate income tax described below, the Group is not subject to income tax of other jurisdictions.

PRC corporate income tax ("CIT")

CIT is provided on the assessable income of entities within the Group established in the PRC.

Pursuant to the PRC Corporate Income Tax Law (the "New CIT Law"), the Company's applicable CIT rate is 25%. Under the relevant regulations of the New CIT Law, the Company was qualified as High/New Tech Enterprise for three years from 2016 to 2018. Therefore, the Company applied a reduced CIT rate of 15% for the year ended 31 December 2018 (2017: 15%).

Except for the Company, all its subsidiaries applied a CIT rate of 25% for the year ended 31 December 2018 (2017: 25%).

9 EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the profit attributable to the shareholders of the Company by the weighted average number of ordinary shares in during the year.

	Year ended 31 December	
	2018	2017
Profit attributable to shareholders of the Company *(RMB'000)*	**48,054**	33,455
Weighted average number of ordinary shares in issue *(thousand)*	**128,000**	128,000
Basic and diluted earnings per share *(RMB/share)*	**0.38**	0.26

As the Company did not have any dilutive potential ordinary shares outstanding as at 31 December 2018 and 2017, diluted earnings per share is equal to basic earnings per share.

10 TRADE AND OTHER RECEIVABLES

	As at 31 December 2018	2017
Trade receivables		
Accounts receivable — third parties *(note (a))*	**140,275**	170,729
Less: unearned financial income	**—**	(794)
Less: allowance for impairment of accounts receivable	**(61,259)**	(72,467)
Accounts receivable — net	**79,016**	97,468
Commercial acceptance notes *(note (b))*	**9,735**	22,389
Less: allowance for impairment of commercial notes	**(487)**	—
Trade receivables — net	**88,264**	119,857
Other receivables		
Other receivables — third parties	**3,151**	635
Less: unearned financial income	**(368)**	—
Less: allowance for impairment of other receivables	**(444)**	(399)
Other receivables — net	**2,339**	236
Interest receivable	**1,892**	919
Bank acceptance notes *(note (b))*	**22,157**	55,706
	114,652	176,718
Non-current portion	**1,365**	—
Current portion	**113,287**	176,718
	114,652	176,718

Notes:

(a) Apart from a portion of the contract sum retained by customers to cover the Group's product quality warranty, the Group does not grant credit terms to customers in the sales contract. Included in accounts receivable as at 31 December 2018 are such retained sums of approximately RMB50,453,000 (2017: RMB58,552,000) representing 36.0% (2017: 34.3%) of accounts receivable. These are due for collection upon the expiry of product quality warranty period (which is usually 12 months from the acceptance by the customer of the equipment).

(b) Notes receivable of the Group and the Company include bank acceptance notes and commercial acceptance notes, and are usually settled within six months from the date of issue.

Aging analysis based on recognition date of the gross accounts receivable at the respective balance sheet dates are as follows:

	As at 31 December	
	2018	2017
Within 1 year	**50,822**	52,626
1–2 years	**17,001**	33,535
2–3 years	**22,903**	3,261
Over 3 years	**49,549**	81,307
	140,275	170,729

Movements of allowance for impairment of accounts receivable, commercial acceptance notes and other receivables are as follows:

	Year ended 31 December	
	2018	2017
Balance at 31 December	**72,866**	87,472
Adjustment on adoption of HKFRS 9	**2,581**	—
Opening as at 1 January	**75,447**	87,472
Additional allowance for impairment	**9,790**	9,313
Reversal of allowance for impairment	**(18,192)**	(18,878)
Receivables written off as uncollectible	**(4,855)**	(5,041)
Closing balance at 31 December	**62,190**	72,866

11 INVENTORIES

	As at 31 December	
	2018	2017
Raw materials	**17,378**	16,510
Work in progress	**38,565**	40,161
Finished goods	**9,575**	35,937
	65,518	92,608

For the year ended 31 December 2018, the cost of inventories recognised as expense and included in "cost of sales" amounted to approximately RMB93,450,000 (2017: RMB88,945,000), which included the reversal of allowance for impairment of inventories of RMB1,392,000 (2017: RMB1,172,000).

12 PROPERTIES HELD FOR SALE

	Year ended 31 December	
	2018	2017
Properties held for sale *(note (a))*	**72,969**	—
Less: allowance for impairment	**(3,298)**	—
	69,671	—

Note:

(a) In April 2018, the Company and an independent third party Shandong Snton Real Estate Development Co., Ltd. (the "Vendor") entered into sale and purchase agreements, pursuant to which the Company agreed to purchase and the Vendor agreed to sell 166 residential units of Tong Xing Garden, No. 269 Guanxing Road, Kenli District, Dongying City, Shandong Province, the PRC (the "Properties") at an aggregate consideration of RMB74,347,796. The Vendor and the Company have mutually agreed that the consideration for the Properties shall be paid by way of setting off the same outstanding amount owed to the Company by Shandong Snton Steelcord Co., Ltd., which is a customer of the Company and a related company of the Vendor. The Group's intention is to sell these Properties and, accordingly, such rights are recognised as properties held for sale upon the completion of the transfer of the title of the Properties from the Vendor to the Company on 29 May 2018. The cost of the Properties was approximately RMB72,969,000, comprising the consideration exclusive of value-added tax amounting to approximately RMB70,807,000 and other related costs of approximately RMB2,162,000 in connection with this acquisition.

13 TRADE AND OTHER PAYABLES

	As at 31 December	
	2018	2017
Trade payables *(note (a))*	**21,162**	29,101
Notes payable *(note (b))*	**18,209**	51,770
Quality warranty deposits from suppliers	**2,254**	2,400
Employee benefits payable	**1,954**	1,887
Other taxes payable	**1,570**	1,231
Provision for quality warranty expenses	**261**	237
Payables for property, plant and equipment	**87**	1,109
Others	**1,839**	4,683
	47,336	92,418

Notes:

(a) The aging analysis of the trade payables was as follows:

	As at 31 December	
	2018	2017
Within 1 year	**20,669**	27,960
1–2 years	**162**	130
2–3 years	**74**	439
Over 3 years	**257**	572
	21,162	29,101

(b) The notes payable are secured by pledge of cash deposits to banks.

14 DIVIDENDS

A dividend in respect of the year ended 31 December 2017 of RMB0.05 per share, amounted to a total dividend of RMB6,400,000, has been paid in 2018 (2017: RMB6,400,000).

A dividend in respect of the year ended 31 December 2018 of RMB0.05 per share, amounting to a total dividend of RMB6,400,000, has been proposed by the Board of Directors of the Company and is subject to the approval of the shareholders at the Annual General Meeting to be held on 12 June 2019. These financial statements have not reflected this dividend payable (2017: final dividend of RMB0.05 per share, amounting to a total dividend of RMB6,400,000).

	As at 31 December	
	2018	2017
Proposed final dividend of RMB0.05 (2017: RMB0.05) per ordinary share	**6,400**	6,400

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2018, the economy of the PRC thoroughly deepened the supply-side structural reform with remarkable results. The economic structure continued to improve with conversion of old and new drivers speeding up. As a result, the national economy remained stable in general and was moving in a positive direction. However, the tire industry faced challenges such as environmental regulation, fluctuations in raw material prices and the China-United States trade war while opportunities and risks did co-exist. In 2019, the economy of the PRC will continue to deepen the supply-side structural reform, optimise the economic structure and eliminate obsolete production capacity in order to continuously promote structural adjustment and optimisation of the tire industry.

China's automobile industry was under greater pressure in 2018. The growth of automobiles production and sales were lower than the expectation at the beginning of the year. Major economic indicators of the automobile industry also showed a trend of slowdown. According to the latest data released by China Association of Automobile Manufacturers ("CAAM"), for 2018, production and sales of automobile in China were 27,809,200 vehicles and 28,080,600 vehicles respectively, representing a year-on-year decrease of 4.16% and 2.76%. The production and sales of passenger cars were 23,529,400 vehicles and 23,709,800 vehicles, representing a year-on-year decrease of 5.15% and 4.08%. Although a year-on-year decrease in production and sales was recorded in 2018, the sales of new energy vehicles continued to escalate. According to the data from CAAM, production and sales of new energy vehicles in 2018 were 1,270,000 vehicles and 1,256,000 vehicles respectively, representing an increase of 59.9% and 61.7% as compared with the same period last year. As new energy automobile showed a trend of fast growth, many enterprises started their development in the new energy vehicle sector. The Group, as a radial tire steel cord equipment supplier, has actively optimised and adjusted its operating strategies and strengthened its risk prevention and control, which enabled the Group's business to have a satisfactory progress in 2018.

The overall performance of the Group during the Year showed a growth as compared to 2017. Sales of the Group increased by 10.1% as compared to the same period of last year and gross profit for the Year increased by 24.5% to RMB68,388,000. The Group recorded a net profit of RMB48,054,000 in 2018.

FINANCIAL REVIEW

Revenue

	Year ended 31 December					
	2018			2017		
	Unit(s) sold	***RMB'000***	*%*	Unit(s) sold	*RMB'000*	*%*
Brass electroplating wire production lines	**4**	**62,997**	**35.6**	2	21,265	13.2
Other production lines	**5**	**15,375**	**8.7**	4	20,355	12.7
Standalone machineries	**565**	**72,618**	**41.1**	576	94,974	59.1
Mould repairing equipment, component parts and accessories	**N/A**	**23,011**	**1.6**	N/A	21,603	13.5
Rental income	**N/A**	**2,856**	**13.0**	N/A	2,387	1.5
		176,857	**100.0**		160,584	100.0

Our revenue increased by approximately RMB16.3 million or approximately 10.1% to approximately RMB176.9 million for 2018 from approximately RMB160.6 million for 2017. The increase is mainly due to the expansion in downstream industry and growth in market demand.

Brass electroplating wire production lines. Revenue from sales of brass electroplating wire production lines increased by approximately 196.2% to approximately RMB63.0 million for 2018 from approximately RMB21.3 million for 2017. 4 sets of brass electroplating wire production lines were accepted by the customers in 2018 while 2 sets were accepted by the customers in 2017. The increase was mainly due to the increase in market demand for the completed set of production lines.

Other production lines. Revenue from sales of other production lines decreased by approximately 24.5% to approximately RMB15.4 million for 2018 from approximately RMB20.4 million for 2017. The decrease was mainly due to the decrease in the sales price of other production lines with less complicated manufacturing process.

Standalone machineries. Revenue from sales of standalone machineries decreased by approximately 23.5% to approximately RMB72.6 million for 2018 from approximately RMB95.0 million for 2017. The decrease was due to the decrease in sales quantity in the standalone machineries, with the number of standalone machineries being sold declined from 576 sets in 2017 to 565 sets in 2018.

Mould repairing equipment, component parts, and accessories. Revenue from sales of mould repairing equipment, component parts, and accessories increased by approximately 6.5% to approximately RMB23.0 million for 2018 from approximately RMB21.6 million for 2017. The increase was primarily due to the increase in equipment modification services provided to customers.

Rental income. Revenue from rental income arose from the Group's investment properties, which were rented to third parties in 2018 and 2017. As the rental price per month increased during 2018, the rental income has increased.

Gross profit and gross profit margin

Our gross profit increased by approximately 24.5% from approximately RMB54.9 million for 2017 to approximately RMB68.4 million for 2018. Our overall gross profit margin increased from approximately 34.2% for 2017 to approximately 38.7% for 2018, mainly due to a higher proportion of the brass electroplating wire production lines in the sales mix with its relatively higher gross profit margin as compared to other products.

Other income

Our other income increased by approximately 288.1% from approximately RMB0.5 million for 2017 to approximately RMB2.0 million for 2018, primarily due to more value-added tax refunds received.

Selling expenses

Our selling expenses decreased by approximately 5.6% from approximately RMB4.9 million for 2017 to approximately RMB4.6 million for 2018, primarily due to the decrease in transportation expenses.

Administrative expenses

Our administrative expenses increased from approximately RMB26.7 million for 2017 to approximately RMB30.1 million for 2018. This is primarily due to the increase in professional fees.

Net reversal of impairment losses on financial assets

Our net reversal of impairment losses on financial assets decreased from approximately RMB9.6 million for 2017 to approximately RMB8.4 million for 2018, primarily due to the increase in allowance for impairment of receivables from the adoption of HKFRS 9.

Other gains — net

The Group recorded net other gains of approximately RMB10.1 million in 2018, compared with the net other gains of approximately RMB3.7 million in 2017. Other gains mainly included gains on disposal of financial assets at fair value through profit or loss and foreign exchange gains.

Finance income — net

The Group recorded a net finance income of approximately RMB4.5 million in 2018, compared with the net finance income of approximately RMB3.5 million in 2017. The increase in finance income was mainly due to the bank interest income.

Income tax expense

The Group recorded income tax expense of approximately RMB10.6 million for 2018, compared with the income tax expense of approximately RMB7.2 million for 2017. The Group recognised the deferred income tax assets only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Trade receivables

Our gross trade receivables decreased by approximately 17.8% from approximately RMB170.7 million as at 31 December 2017 to approximately RMB140.3 million as at 31 December 2018. The decrease was primarily due to the adoption of more stringent collection policy over the customers and the increase of repayment ability of our customers resulting from the extension in downstream industries. Meanwhile, the Group collected approximately RMB18.2 million impaired trade receivables during 2018, and the allowance for trade receivables decreased from approximately RMB72.5 million at the end of 2017 to approximately RMB61.3 million at the end of 2018.

Inventories

Our inventories decreased by approximately 29.3% from approximately RMB92.6 million at the end of 2017 to approximately RMB65.5 million at the end of 2018, mainly because the unfinished sales contracts at the end of 2018 decreased as compared with those in 2017.

Trade payables

Our trade payables decreased by approximately 27.3% from approximately RMB29.1 million at the end of 2017 to approximately RMB21.2 million at the end of 2018, primarily due to a decrease in our purchase of raw materials during the Year.

LIQUIDITY AND FINANCIAL RESOURCES

Cash position and fund available

During the Year, the Group maintained a healthy liquidity position, with working capital being financed by our operating cash flows.

As at 31 December 2018, the total cash and bank balances of the Group were approximately RMB278.1 million (31 December 2017: approximately RMB227.5 million), comprising cash and cash equivalents of approximately RMB134.8 million (31 December 2017: approximately RMB71.9 million), restricted cash of approximately RMB10.9 million (31 December 2017: approximately RMB49.8 million) and time deposits of approximately RMB132.4 million (31 December 2017: approximately RMB105.8 million).

As at 31 December 2018, the current ratio of the Group was 6.4 (31 December 2017: 3.8). The increase was mainly due to the decrease of trade and other payables and contract liabilities.

The gearing ratio of the Group (calculated as total borrowings divided by total equity) was zero (31 December 2017: zero).

The Group was in a strong net cash position as at 31 December 2018 and 2017. The Group has sufficient and readily available finance resources for general working capital requirement and foreseeable capital expenditure.

Borrowings

As at 31 December 2018, the Group had no borrowings (31 December 2017: Nil).

CAPITAL EXPENDITURES

In 2018, the Group's capital expenditures amounted to approximately RMB2.5 million (2017: approximately RMB2.1 million) which was related to the construction of buildings of approximately RMB0.2 million and the purchase of machineries and equipments of approximately RMB2.3 million.

CAPITAL STRUCTURE

There has been no change in the capital structure of the Group during the Year. The capital of the Group only comprises ordinary shares.

FOREIGN CURRENCY RISK

Foreign exchange risk arises when transaction or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Group operates in the PRC with most of the Group's transactions denominated and settled in RMB, except that certain trade receivables, cash and cash equivalents and time deposits are denominated in US dollar ("USD") which are exposed to foreign currency translation risk.

If the USD had strengthened/weakened by 5% against the RMB while all other variables had been held constant, the Group's net result for the year ended 31 December 2018 would have been approximately RMB3,912,000 better/worse (2017: RMB3,025,000), for various financial assets denominated in USD.

During the Year, the Group did not use any financial instruments for hedging purposes. The management will continue to monitor foreign currency risk and adopt prudent measures as and when appropriate.

USE OF NET PROCEEDS FROM THE LISTING

The Company's H shares have been listed (the "Listing") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 11 November 2014 (the "Listing Date"). The net proceeds from the Listing after the deduction of underwriting commissions, fees and listing-related expenses amounted to approximately HK$209.5 million (equivalent to approximately RMB165.3 million).

With a view to improving efficiency in the use of the Company's temporary idle raised proceeds, on the condition that the construction of the committed projects and planned usage of the proceeds for such construction will not be affected, the Board has proposed to utilise part of the temporary idle raised proceeds to purchase wealth management products in order to increase the capital revenue, improve the efficiency and effectiveness in the use of the Company's temporary idle raised proceeds, which in turn shall further enhance the overall revenue of the Company and pursue better investment return to the Company and the shareholders as a whole. For more details regarding the change of use of net proceeds from the Listing, please refer to the announcement of the Company dated 29 March 2016 (the "Announcement").

At the annual general meeting of the Company held on 8 June 2018, the Board was authorised, within one year commencing from the approval, to exercise the decision-making power regarding purchase of wealth management products by utilising temporary idle proceeds for not more than RMB35 million in aggregate at any time. Since the authority granted to the Board to purchase wealth management products with the temporary idle proceeds will expire one year after such approval, a special resolution will be proposed at the forthcoming annual general meeting of the Company to renew such authority. For details of the grant of such authorities, please refer to the circular of the Company dated 23 April 2018.

Together with the income to be generated from the wealth management products, the Company will continue apply the net proceeds from the Listing for the construction of the new manufacturing facility located in Wuxi, Jiangsu Province of the PRC (the "New Wuxi Facility") and the new research & development centre to be established in the New Wuxi Facility (the "New Research & Development Centre") and for other purposes in accordance with the prospectus of the Company dated 30 October 2014 (the "Prospectus") and in the Announcement.

The following table sets forth the status of use of proceeds from the Listing:

	Planned use of net proceeds from the Listing *(Note 1)* *(approximately)*	**Used up to 31 December 2018** *(approximately)*	**Unused balance up to 31 December 2018** *(Note 2)* *(approximately)*	**Expected timeline for unused net proceeds from the Listing**
Funding the construction of the New Wuxi Facility and the New Research & Development Centre	HK$163.0 million	HK$95.1 million	HK$73.8 million	by 2022
Developing certain targeted research and development projects	HK$25.5 million	HK$16.0 million	HK$10.4 million	by 2022
General working capital and other general corporate purposes	HK$21.0 million	HK$21.0 million	—	—
Total:	HK$209.5 million	HK$132.1 million	HK$84.2 million	

Note:

(1) The net proceeds allocated have been adjusted and recalculated with reference to (i) the actual net proceeds from the Listing of approximately HK$209.5 million after the deduction of underwriting commissions, fees and listing-related expenses; and (ii) the percentage of use of proceeds allocated to each of the purposes as disclosed in the Prospectus.

(2) As at 31 December 2018, the unused proceeds amounted to approximately HK$84.2 million. Among the unused proceeds of approximately HK$84.2 million, the Group utilised part of the proceeds for purchasing wealth management products, which amounted to approximately HK$34.0 million as at 31 December 2018. The remaining unused proceeds, including the net proceeds of HK$43.4 million and interest of net proceeds of HK$6.8 million, were deposited in licensed banks in the PRC.

PROSPECTS

In 2019, China's supply-side reform will continue to deepen and the national economy will remain stable with improvements. The Chinese tire industry will step up the elimination of obsolete production capacity and the adjustments and transformation of the tire industry in order to continuously optimise the overall structure of the industry. As a result, only the fittest could survive and the tire industry will continue to develop towards centralisation, diversification and differentiation, thereby strengthening the foundation of tire enterprises. Through consistent and precise management, cost control and lean manufacturing, the Group will seize the market opportunities brought by the development of the industry in order to successfully maintain the leading position of the Group.

In addition, rapid growth in both the economy in China and the number of national road construction projects supported the fierce development in the automobile, transportation and mechanical engineering industries, leading to the increase in automobile ownerships in China. As at the end of 2018, automobile ownerships in China reached 240 million, representing an increase of 22,850,000 vehicles or 10.51% as compared with 2017. Continuous growth in automobile ownerships also drove the demand for tires. With the implementation of the Belt and Road Initiative, the infrastructure construction and transportation industries in over 60 countries and regions along the route were stimulated, thus driving a strong demand for commercial vehicles. In addition, the advancement of urbanisation, rapid development of e-commerce as well as increasing population and disposable income are the growth drivers of the demand for road transportation logistics. As a result, with the increasing number of commercial vehicles and continuous wearing of tires due to ever-increasing transportation frequency, the markets of accessories and tire replacement will be further developed, and the growth of the domestic bead wire production industry will also be stimulated.

As the government is tightening environmental regulation and the new energy vehicle market continues to prosper, the Group will face more opportunities and challenges in this environment. The Group will review and keep abreast of industry trends and take strategic steps accordingly. The Group will also strengthen technological development, upgrade its existing production lines, improve the quality of the Group's products and production processes in order to enhance the production capacity of radial tire cord. In addition, the Group will actively explore domestic and overseas markets, and maintain and expand its existing market share, in order to strengthen the Group's long-term sustainable growth and profitability.

EMPLOYEE AND REMUNERATION INFORMATION

As at 31 December 2018, the Group employed a total of 138 full-time employees (31 December 2017: 147), including administration, finance, internal audit, research and development, technical application, quality control, manufacturing, procurement, sales and marketing staff. For the year ended 31 December 2018, the Group's total employee remuneration was approximately RMB16.8 million (2017: approximately RMB17.6 million).

The Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. Subject to the Group's profitability and the staff performance, the Group may also provide a discretionary bonus to employees as an incentive for their contribution to the Group. The primary goal of the remuneration policy with regard to the remuneration packages of the Group's executive Directors is to enable the Group to retain and motivate executive Directors by linking their compensation with performance as measured against corporate objectives achieved.

A remuneration committee is set up for reviewing the Group's remuneration policy and structure of all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices.

The Group places great emphasis on recruiting and training quality personnel by providing orientation programmes to the new employees and on-going internal training to the existing employees to enhance their industry, technical and product knowledge, their work ethics as well as their knowledge of industry quality standards and work safety standards. Furthermore, the Group encourages its employees to take advanced courses and to obtain professional certifications.

The Group is confident that its employees will continue to provide a solid foundation for the success of the Group and will maintain a high standard of service to our customers.

The Group has not experienced any disruption of its normal business operations due to labour disputes or significant turnover of staff. The Directors consider that the Group has maintained a very good relationship with its staff.

CONTINGENT LIABILITIES

As at 31 December 2018, the Group did not have any significant contingent liabilities (31 December 2017: Nil).

SIGNIFICANT INVESTMENTS

Save and except for the wealth management products as disclosed under paragraph headed "Discloseable Transactions in relation to Subscription of Wealth Management Product — Structured Deposit" and the properties held for sale as disclosed under paragraphs headed "Major Transaction in relation to Acquisition of the Properties" and "Properties held for Sale" of this announcement, the Group had no significant investments held during the Year.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Year, the Group had no acquisition or disposal of subsidiaries, associates or joint ventures.

MAJOR TRANSACTION IN RELATION TO ACQUISITION OF PROPERTIES

On 19 April 2018, 20 April 2018, 21 April 2018 and 22 April 2018, the Company and an independent third party 山東勝通房地產開發有限公司 (Shandong Snton Real Estate Development Co., Ltd*) (the "Vendor") entered into sale and purchase agreements, pursuant to which the Company agreed to purchase and the Vendor agreed to sell 166 residential units of Tong Xing Garden, No. 269 Guanxing Road, Kenli District, Dongying City, Shandong Province, the PRC (the "Properties") at an aggregate consideration of RMB74,347,796 (equivalent to approximately HKD92,934,745) (the "Acquisition"). The Properties have a total gross floor area of 18,920.94 square metres and 3,331.19 square metres for the residential units and ancillary facilities (including car parking spaces and storage rooms), respectively.

The Vendor is a limited liability company established in the PRC.

Before the Acquisition, an aggregate amount of RMB74,347,796 (equivalent to approximately HKD92,934,745) for the purchase of equipment under the Company's trade receivables from 山東勝通鋼簾線有限公司 (Shandong Snton Steelcord Co., Ltd.*) ("Shandong Snton Steelcord") remained outstanding.

In order to recover the outstanding amount and to reduce the risk of bad debts, the Company agreed to purchase the Properties from the Vendor, a related company of Shandong Snton Steelcord, to set off the amount outstanding from Shandong Snton Steelcord. After the Acquisition, the outstanding amount of RMB74,347,796 (inclusive of the bad debt impairment amount of approximately RMB8,706,825) for the purchase of equipment by Shandong Snton Steelcord would fully be repaid. The Company believes that the Acquisition is more efficient and less time consuming than any other ways for the recovery of the outstanding amount.

As one or more of the relevant percentage ratios (as defined under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")) in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification, publication and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no shareholder of the Company (the "Shareholder") or any of their respective associates have any material interest in the Acquisition. As such, no Shareholder would be required to abstain from voting if a general meeting were convened to approve the Acquisition. Pursuant to Rule 14.44 of the Listing Rules, a written shareholders' approval may be accepted in lieu of a general meeting. Written approval of the Acquisition has been obtained from a closely allied group of Shareholders, namely Mr. Zhang Degang, Mr. Zhang Deqiang and Ms. Zhang Jinghua, who respectively holds 43,221,504 shares, 29,983,104 shares and 4,027,392 shares, representing 33.77%, 23.42% and 3.15% of the issued share capital of the Company. Mr. Zhang Degang, Mr. Zhang Deqiang and Ms. Zhang Jinghua are family members and persons acting in concert, and they collectively hold 77,232,000 shares, representing approximately 60.34% of the issued share capital of the Company. Accordingly, no general meeting of the Company will be convened for the purpose of approving the Acquisition.

A circular containing information in relation to the Acquisition and a valuation report of the Properties was despatched to the Shareholders on 20 June 2018.

Details of the Acquisition have been set out in the announcements of the Company dated 24 April 2018, 16 May 2018 and 18 May 2018 and the circular of the Company dated 20 June 2018.

PROPERTIES HELD FOR SALE

The Group currently holds 100% interest in the Properties. The Group has an intention to sell the Properties and, accordingly, such rights are recognised as properties held for sale upon the completion of the transfer of the title of the Properties from the Vendor to the Company on 29 May 2018. For more information regarding the Properties, please refer to paragraph headed "Major Transaction in relation to Acquisition of Properties" of this announcement.

CHARGE ON GROUP ASSETS

As at 31 December 2018, the cash deposits in the amount of approximately RMB10.9 million (31 December 2017: approximately RMB49.8 million) were pledged to banks as security for notes payable and letter of guarantee for export sales. Save for that, the Group did not have any charges on its assets as at 31 December 2018 or 31 December 2017.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND EXPECTED SOURCE OF FUNDS

In the future, the Group will continue to implement its diversified development strategy and proactively search for potential investment opportunities.

Save as disclosed in the Prospectus or elsewhere in this announcement, the Group had no future plans for material investments and expected source of funds as at 31 December 2018.

DISCLOSEABLE TRANSACTIONS IN RELATION TO SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCT — STRUCTURED DEPOSIT

On 19 July 2018, the Company and 招商銀行 (China Merchants Bank Co., Ltd*) ("China Merchants Bank") entered into the structured deposit agreements, pursuant to which the Company has agreed to subscribe for a wealth management product of structured deposit of China Merchants Bank with an aggregate amount of RMB30,000,000. Among the subscription amount of RMB30,000,000, a total of RMB27,000,000 was financed by the temporary idle proceeds of the Company raised from the Listing and a total of RMB3,000,000 was financed by the temporary idle internal funds of the Company (the "Subscription").

The Subscription amounts are aggregated in accordance with Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios (as defined under the Listing Rules) in relation to the Subscription exceed 5% but are below 25%, the Subscription constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements, but is exempt from the circular and shareholders' approval requirements, under Chapter 14 of the Listing Rules.

For details of the above transaction, please refer to the announcement of the Company dated 19 July 2018.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE (THE "CG CODE")

The Company complied with all code provisions of the CG Code contained in Appendix 14 to the Listing Rules throughout the Year.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as the code of conduct regarding securities transactions by the Directors and supervisors of the Company. Upon making specific enquiries of all the Directors and supervisors of the Company, each of the Directors and supervisors of the Company confirmed that he/she has fully complied with the required standards set out in the Model Code throughout the Year.

Any employee of the Company or director or employee of any subsidiary of the Company who, because of their office in the Company, are likely to be in possession of inside information in relation to the securities of the Company, have also been requested not to deal in securities of the Company when he would be prohibited from dealing by the Model Code as if he were a Director.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period up to the date of this announcement.

DIVIDEND

For the Year, the Board has proposed a final dividend of RMB0.05 per share (before tax) totalling RMB6.4 million (before tax), subject to approval by the Shareholders at the annual general meeting of the Company to be held on Wednesday, 12 June 2019 (the "AGM"). The final dividend, if approved by the Shareholders at the AGM, will be paid to the Shareholders whose names appeared on the register of members of the Company on Monday, 24 June 2019. Dividends payable to the holders of the Company's domestic shares shall be paid in RMB, whereas dividends payable to the holders of the Company's H shares shall be paid in Hong Kong dollars. Dividends on H share are also subject to PRC Withholding Income Tax. It is expected that the final dividend will be payable on or around Thursday, 18 July 2019 and a detailed plan of distribution will be set out in the circular of the Company to be despatched on or around 23 April 2019.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 13 May 2019 to Wednesday, 12 June 2019, both days inclusive, during which period no transfer of shares will be effected. The holders of shares whose names appear on the register of members of the Company on Wednesday, 12 June 2019 will be entitled to attend and vote at the AGM to be held on Wednesday, 12 June 2019. In order to be qualified to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the H Share Registrar of the Company, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong (in respect of H shares), or to the Company's registered office in the PRC at 1 Yanxin Road East, Huishan Economic Development Zone, Wuxi, Jiangsu Province, the PRC (in respect of Domestic shares) no later than 4:00 p.m. on Friday, 10 May 2019.

The register of members of the Company will be closed from Tuesday, 18 June 2019 to Monday, 24 June 2019, both days inclusive, during which period no transfer of shares will be registered. In order to be qualified for receiving the final dividend for the year ended 31 December 2018, all transfer documents accompanied by the relevant share certificates must be lodged with the H Share Registrar of the Company, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong (in respect of H shares), or to the Company's registered office in the PRC at 1 Yanxin Road East, Huishan Economic Development Zone, Wuxi, Jiangsu Province, the PRC (in respect of Domestic shares) no later than 4:00 p.m. on Monday, 17 June 2019.

ANNUAL GENERAL MEETING

The AGM will be held on Wednesday, 12 June 2019. Notice of the AGM will be sent to the Shareholders in due course.

AUDIT COMMITTEE

The audit committee of the Board (the "Audit Committee") was established with terms of reference in compliance with the CG Code. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, financial reporting system, risk management and internal control systems, and has reviewed the Group's annual results for the Year.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of this announcement of the Group's results for the year ended 31 December 2018 have been agreed by the Company's external auditor, PricewaterhouseCoopers ("PwC"), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2018. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by PwC on this announcement.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed minimum public float under the Listing Rules for the Year and up to the date of this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.wxsunlit.com) respectively. The annual report for the Year containing all relevant information required by Appendix 16 to the Listing Rules will be dispatched to the Shareholders and available on the above websites in due course.

By order of the Board
無錫盛力達科技股份有限公司
Wuxi Sunlit Science and Technology Company Limited*
Zhang Degang
Chairman

Hong Kong, 29 March 2019

As at the date of this announcement, the executive Directors are Mr. Zhang Degang and Mr. Zhang Deqiang, the non-executive Directors are Ms. Zhang Jinghua and Mr. Gao Feng, and the independent non-executive Directors are Mr. Liu Chaojian, Mr. Ho Yuk Ming, Hugo and Mr. Gao Fuping.

* *For identification purposes only*